

**KODIAK CITY COUNCIL**

**WORK SESSION AGENDA**

**Tuesday, May 21, 2013**

**Kodiak Island Borough Conference Room**

**7:30 p.m.**

*Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.*

**Discussion Items**

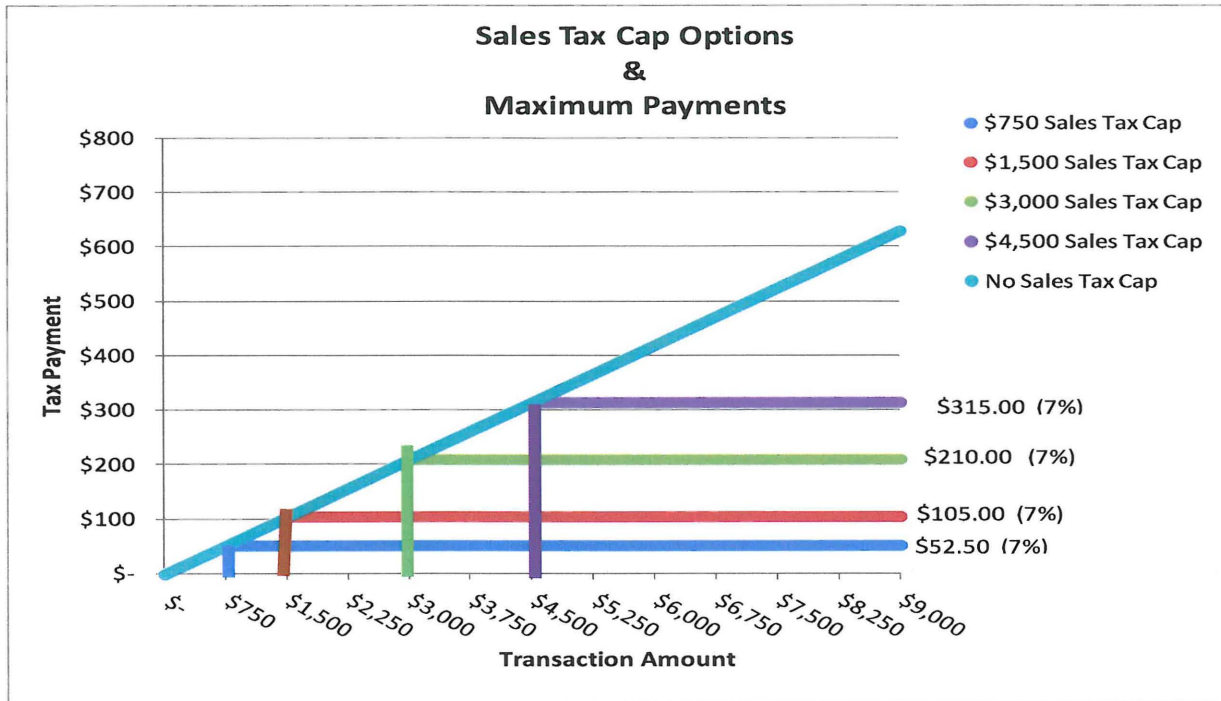
- 1. Public Comments (limited to 3 minutes)
- 2. Review of Sales Tax and Tax Cap Options
  - a. Review of Tax Cap Options and Tax History ..... 1
  - b. Discussion of Tobacco Products Tax.....8
- 3. May 23, 2013, Agenda Packet Review

# SALES TAX OPTIONS UPDATE – FY 2014

## CITY OF KODIAK

This graph shows the maximum amount that would be charged per transaction if the Sales Tax Cap was set at \$750, \$1,500, \$3,000, \$4,500 or No Sales Tax Cap. The chart below lists the maximum payment per tax cap amount with a 7% Sales Tax.

Figure 1



Tax Cap	Tax Rate	Maximum Tax Payment
\$ 750	7.0%	\$ 52.50
\$ 1,500	7.0%	\$ 105.00
\$ 2,000	7.0%	\$ 140.00
\$ 2,500	7.0%	\$ 175.00
\$ 3,000	7.0%	\$ 210.00
\$ 3,500	7.0%	\$ 245.00
\$ 4,000	7.0%	\$ 280.00
\$ 4,500	7.0%	\$ 315.00
\$ 5,000	7.0%	\$ 350.00
\$ 5,500	7.0%	\$ 385.00
\$ 6,000	7.0%	\$ 420.00
\$ 6,500	7.0%	\$ 455.00
\$ 7,000	7.0%	\$ 490.00
\$ 7,500	7.0%	\$ 525.00
\$ 8,000	7.0%	\$ 560.00
\$ 8,500	7.0%	\$ 595.00
\$ 9,000	7.0%	\$ 630.00
\$ 9,500	7.0%	\$ 665.00
\$ 10,000	7.0%	\$ 700.00

Figure 2

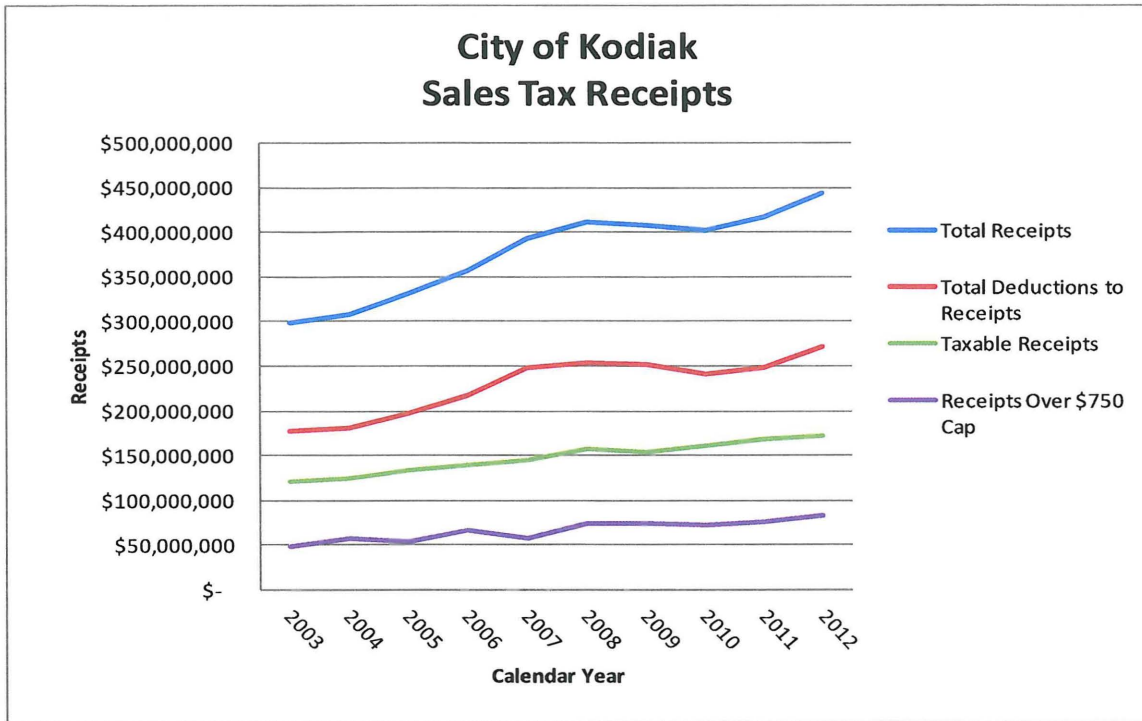


Figure 3 is the Per Capita Comparison with other Cities. Figure 3 and Figure 4 includes Sales Tax, Property Tax, and Bed Tax.

Figure 3

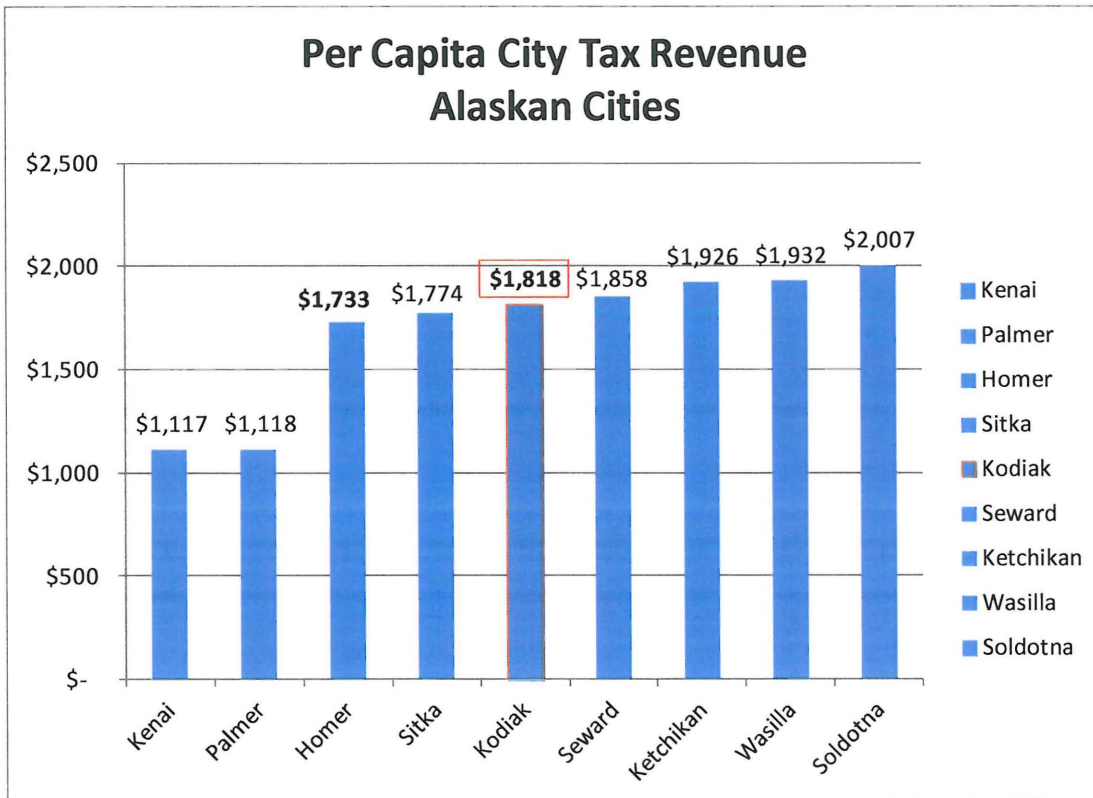


Figure 4 shows the impact to City of Kodiak's Per Capita City Tax Revenue with increases in Sales Tax Revenues by \$1,000,000 Increments

Figure 4

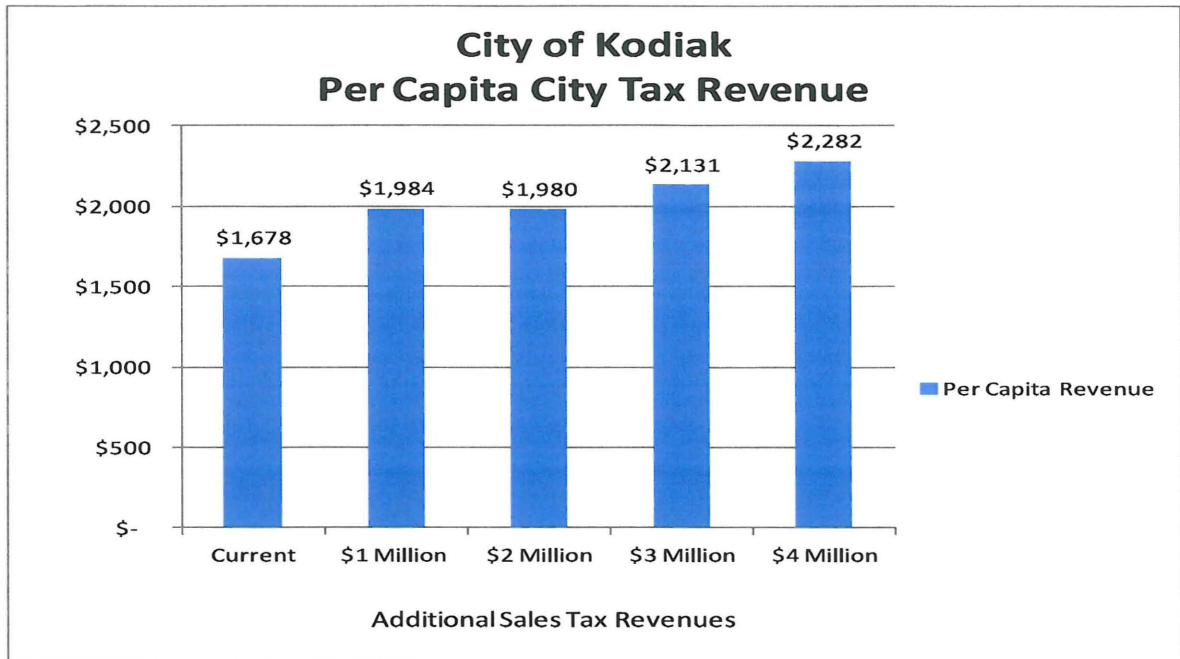
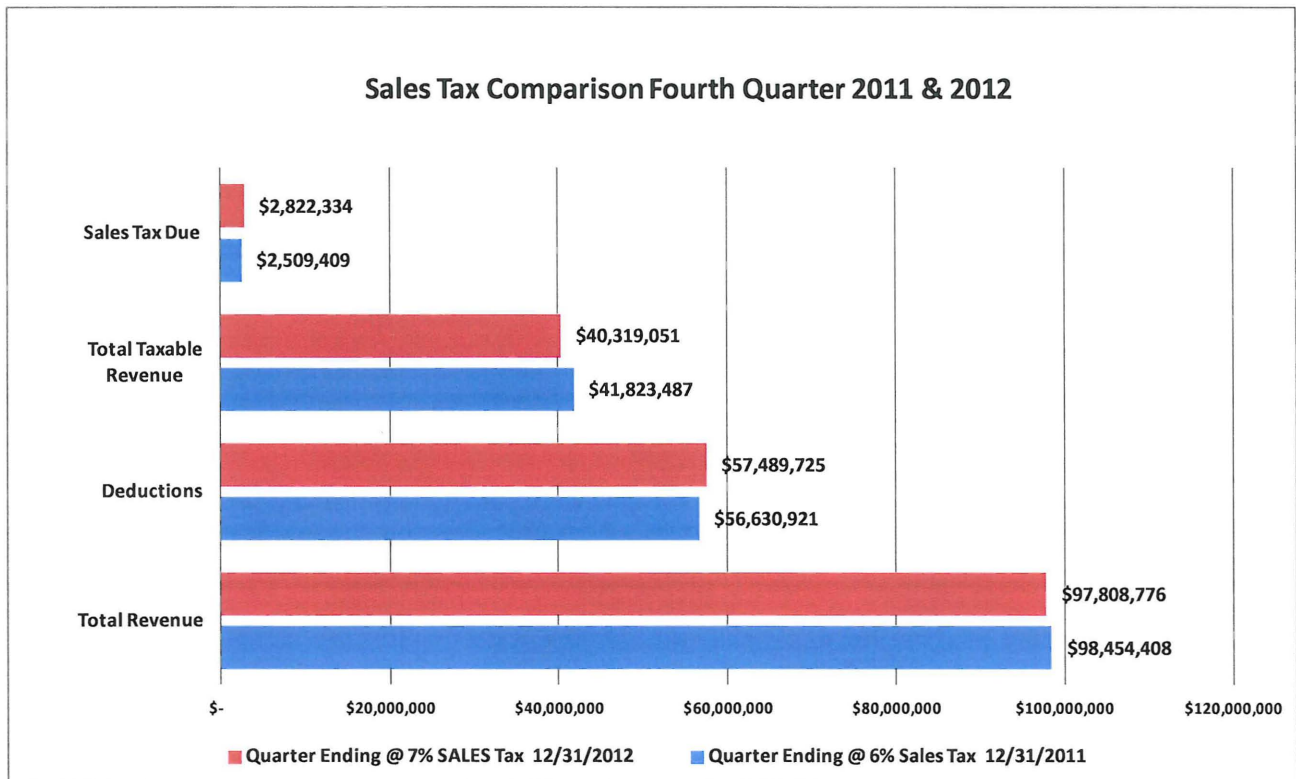


Figure 5 shows the comparison in Sales Tax from the Fourth Quarter 2011 to Fourth Quarter 2012 with the Increase in Sales Tax from 6% to 7% showing an increase in Sales Tax collected of \$312,925.

Figure 5





**City of Kodiak – Scenarios #2 - #4 with Sales Tax Rate at 7.0% and Increased Sales Tax Caps**

Note: The City does not have the data to determine the reduction in the deduction for amounts over a given Sales Tax Cap. Businesses with larger transactions like construction, fuel, electric, vehicle related, and rentals make up 60% of the total sales tax receipts and 90% of the deduction for amounts over the cap. **Red indicates undocumented estimate**

**Figure 8**

Business Types	Scenario #2			Scenario #3			Scenario #4		
	Tax @ 7.0%		Tax Cap \$1,500	Tax @ 7.0%		Tax Cap \$3,000	Tax @ 7.0%		Tax Cap \$4,500
	Total Receipts	Rate	Sales Tax Revenue	Total Receipts	Rate	Sales Tax Revenue	Total Receipts	Rate	Sales Tax Revenue
Retail Sales	\$ 336,334,795	7.0%	\$ 23,543,436	\$ 336,334,795	7.0%	\$ 23,543,436	\$ 336,334,795	7.0%	\$ 23,543,436
Services	\$ 82,978,001	7.0%	\$ 5,808,460	\$ 82,978,001	7.0%	\$ 5,808,460	\$ 82,978,001	7.0%	\$ 5,808,460
Real Estate Rentals	\$ 15,366,876	7.0%	\$ 1,075,681	\$ 15,366,876	7.0%	\$ 1,075,681	\$ 15,366,876	7.0%	\$ 1,075,681
Other	\$ 8,418,756	7.0%	\$ 589,313	\$ 8,418,756	7.0%	\$ 589,313	\$ 8,418,756	7.0%	\$ 589,313
<b>Total Receipts</b>	<b>\$ 443,098,427</b>		<b>\$ 31,016,890</b>	<b>\$ 443,098,427</b>		<b>\$ 31,016,890</b>	<b>\$ 443,098,427</b>		<b>\$ 31,016,890</b>
<b>Deductions</b>									
Senior Citizens	\$ 10,966,790			\$ 10,966,790			\$ 10,966,790		
Government	\$ 73,370,113			\$ 73,370,113			\$ 73,370,113		
Whole Sale/Retail	\$ 31,272,729			\$ 31,272,729			\$ 31,272,729		
Contractors	\$ 12,475,271			\$ 12,475,271			\$ 12,475,271		
Sales Tax Included	\$ 822,649			\$ 822,649			\$ 822,649		
<b>Amount Over Cap</b>	<b>\$ 65,000,000</b>	<b>\$ 1,500</b>		<b>\$ 55,000,000</b>	<b>\$ 3,000</b>		<b>\$ 50,000,000</b>	<b>\$ 4,500</b>	
Other Deductions	\$ 58,494,648			\$ 58,494,648			\$ 58,494,648		
<b>Total Reduction of Receipts</b>	<b>\$ 252,402,200</b>	<b>7.0%</b>	<b>\$ 17,668,154</b>	<b>\$ 242,402,200</b>	<b>7.0%</b>	<b>\$ 16,968,154</b>	<b>\$ 237,402,200</b>	<b>7.0%</b>	<b>\$ 16,618,154</b>
<b>Taxable Receipts</b>	<b>\$ 190,696,227</b>	<b>7.0%</b>		<b>\$ 200,696,227</b>	<b>7.0%</b>		<b>\$ 205,696,227</b>	<b>7.0%</b>	
<b>Sales Tax Generated</b>			<b>\$ 13,348,736</b>			<b>\$ 14,048,736</b>			<b>\$ 14,398,736</b>
<b>Additional Revenue Generated</b>			<b>\$1,304,672.33</b>			<b>\$2,004,672.33</b>			<b>\$2,354,672.33</b>
<b>Maximum Tax Paid</b>	<b>\$ 1,500</b>	<b>7.0%</b>	<b>\$ 105.00</b>	<b>\$ 3,000</b>	<b>7.0%</b>	<b>\$ 210.00</b>	<b>\$ 4,500</b>	<b>7.0%</b>	<b>\$ 315.00</b>
<b>Sales Tax Per Capita</b>			<b>\$ 2,015</b>			<b>\$ 2,120</b>			<b>\$ 2,173</b>
<b>Red indicates undocumented estimate</b>									

**City of Kodiak Sales Tax and Data for Other Cities**

**Current**

City of Kodiak sales tax is 7%

Transient tax (bed tax) is 5%

\$52.50 sales tax cap per transaction (\$750.00 sale)

Sales tax constitutes over 50% of the City’s general fund revenue

In FY2012 \$10.2 million was generated from sales tax revenue (this is approximately \$1.7 million for each 1% of sales tax).

**Village Sales Tax**

Akhiok – no sales tax, no bed tax

Larsen Bay – 3% sales tax, no cap, \$5.00 per day bed tax

Old Harbor – 3%, with a \$300 cap, 5% bed tax

Ouzinkie – 3%, no cap, no bed tax  
Port Lions – no sales tax, 5% bed tax

**Boroughs & Cities within Boroughs Sales Tax (from AML 2011 Alaska Municipal Officials Directory)**  
**Unified City/Boroughs are not included (Sitka, Juneau, etc.)**

Kenai Peninsula Borough, 3% sales tax

Homer, 4.5%  
Kachemak, 0%  
Kenai, 3%  
Seldovia, 2%-4.5%  
Seward, 4%  
Soldotna, 3%

Ketchikan Gateway Borough, 2.5%

Ketchikan, 3.5%  
Saxman, 3.5%

Northwest Arctic Borough, 6%

Ambler, 0%  
Buckland, 6%  
Deering, 3%  
Kiana, 0%  
Kivalina, 2%  
Kobuk, 0%  
Kotzebue, 6%  
Noorvik, 0%  
Selawik, 5%  
Shungnak, 2%

According to a 2011 report from the State Department of Community and Economic Development, of the 87 municipalities reporting, sales tax levies ranged from 1% to 7%, with the City and Borough of Wrangell assessing the highest single municipal sales tax at 7%. The combined highest City/Borough sales tax is 12% (Northwest Arctic Borough 6% & two cities within the Borough at 6%).

**Alaska Tax Facts**

- Alaska is the largest state in the United States, however, for all its vastness, only a small portion of the land mass is subject to a property tax.
- There are approximately 395 communities in Alaska, many of which still remain unincorporated. There are 162 incorporated municipalities (Local Governments). Of those 162, 18 are incorporated into Boroughs (Boroughs are a rough equivalent to counties) and the remainder are incorporated as cities.
- Of the 18 Boroughs, only 14 levy a property tax.
- Only 11 Cities located outside of Boroughs levy a property tax. Therefore, only 25 municipalities in Alaska (either cities or boroughs) levy a property tax.
- 62 municipalities (reporting) levy a general sales tax. Sales tax rates range from a low of 1% to a high of 7%.
- The "typical" sales tax rates are from 1%-7%.
- Other types of local taxes levied are raw fish taxes, hotel/motel "bed" taxes, severance taxes,

liquor and tobacco taxes, gaming (pull tabs) taxes and fuel transfer taxes.

- In 2010, local governments generated approximately \$1.44 billion in revenues from property, sales and severance taxes. Of that amount \$1.165 billion was from property taxes.
- Prudhoe Bay and the Trans-Alaska Pipeline (TAPs) contribute a little over \$333.9 million in property taxes to local government.
- Alaska exempts from property taxes, the first \$150,000 of assessed value for all senior citizens (65 years of age and over) and disabled veterans (50% or more service connected disability).
- The average assessed value exempted from taxes for senior citizens and disabled veterans is \$135,420 which equated to a tax exemption of \$1,839 for 2010.
- In 2010, the total full value for all municipalities (over 750 in population) was \$98.1 billion (including TAPS). With a statewide population of 692,314 the per capita full value was \$141,644.
- The average per capita property tax paid in all municipalities, excluding oil and gas properties, was \$1,338.
- There is no statewide sales tax levied.
- There is no personal state income tax.



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## **Cigarette and Other Tobacco Products (OTP)**

**The single most direct and reliable method for reducing cigarette consumption is to increase the price of tobacco products, thus encouraging cessation and reducing the level of initiation of tobacco use.**

(Taking Action to Reduce Tobacco Use, National Academy of Science – Institute of Medicine (1998))

- The support for cigarette and other tobacco products (OTP) has consistent support and are more favored than other taxes in communities.
- Support tends to be bipartisan
- Support tends to be consistent across demographic and socioeconomic groups
- Supported when tied to efforts to prevent youth smoking initiation
- Smoking - Attributable costs in Alaska (source – CDC Smoking-Attributable Costs Statistics – 2004)
  - Medical costs – 169 million = \$4.09/pack
  - Productivity costs – 157 million = \$3.08/pack
  - Direct Medical costs = 77 million = \$1.86/pack

### **ALASKA/KODIAK:**

- Six Alaskan Communities have local Cigarette and Other Tobacco Tax.
- Ordinance should include all types of tobacco or nicotine-containing products.
- The City of Kodiak can easily add this tax to the MS Govern Tax software application recently implemented.
- The City can exercise its home rule power to impose a higher rate of sales tax on tobacco products, just as it does on hotel room rentals. If the Kodiak Island Borough did not impose the same tax, it would be easy for

City residents to evade the tax by purchasing tobacco products outside City limits.

- The challenge for the City with an excise tax would be to enforce it against City residents who make retail purchases of tobacco products outside City limits for consumption within the City. Enforcement would be easier if the Kodiak Island Borough levied the tax, and shared the tax revenue with the City.

<b>Comparing Tobacco Taxes in Alaska</b>			
<b>City</b>	<b>Amount Per Pack</b>	<b>Other Tobacco Products (based on wholesale price)</b>	<b>Annually Adjusted for Inflation</b>
<b>Anchorage</b>	<b>\$ 1.30</b>	<b>45%</b>	<b>Yes</b>
<b>Mat-Su Borough</b>	<b>\$ 1.00</b>	<b>45%</b>	<b>Yes</b>
<b>Sitka</b>	<b>\$ 1.00</b>	<b>45%</b>	
<b>Barrow</b>	<b>\$ 1.00</b>	<b>12%</b>	
<b>Juneau</b>	<b>\$ 0.30</b>	<b>12%</b>	
<b>Fairbanks</b>	<b>8% City + 8% Borough</b>		

<b>City &amp; Borough of Sitka Tobacco Tax Revenue</b>		
<b>FY 2012</b>	<b>\$ 469,636.00</b>	<b>Special Revenue Fund for Hospital</b>
<b>FY 2011</b>	<b>\$ 442,982.00</b>	
<b>FY 2010</b>	<b>\$ 427,908.00</b>	

**Table 4. Smoking-Attributable Costs (2004)**

State	Smoking-Attributable Costs (2004)						
	Medical Costs (Total)	Medical Costs Per Pack	Productivity Costs (Total)	Productivity Costs Per Pack	Direct Medicaid Costs (Total)	Medicaid Costs Per Pack	Medicaid Costs Per Capita (Adult)
Alabama	1,499,000,000	3.79	2,051,800,000	5.18	238,000,000	0.60	69.27
Alaska	169,000,000	4.09	157,000,000	3.80	77,000,000	1.86	164.81
Arizona	1,287,000,000	5.42	1,492,800,000	6.28	316,000,000	1.33	75.30
Arkansas	812,000,000	3.70	1,306,000,000	5.95	242,000,000	1.10	116.57
California	9,142,000,000	7.79	8,585,800,000	7.31	2,959,000,000	2.52	112.52
Colorado	1,314,000,000	4.76	992,000,000	3.59	319,000,000	1.15	93.21
Connecticut	1,631,000,000	8.81	1,017,000,000	5.49	430,000,000	2.32	161.36
Delaware	284,000,000	1.97	304,000,000	2.11	79,000,000	0.55	124.05
D.C.	243,000,000	11.25	233,000,000	10.79	78,000,000	3.61	175.69
Florida	6,320,000,000	5.01	6,479,000,000	5.13	1,250,000,000	0.99	93.33
Georgia	2,252,000,000	3.81	3,082,000,000	5.21	537,000,000	0.91	82.66
Hawaii	336,000,000	5.64	308,000,000	5.17	117,000,000	1.96	121.35
Idaho	319,000,000	3.84	333,000,000	4.01	83,000,000	1.80	81.30
Illinois	4,106,000,000	5.41	4,292,000,000	5.65	1,570,000,000	2.07	165.69
Indiana	2,084,000,000	3.44	2,495,000,000	4.12	487,000,000	8.60	105.02
Iowa	1,017,000,000	4.13	963,000,000	3.91	301,000,000	1.22	132.37
Kansas	927,000,000	6.04	863,000,000	5.62	196,000,000	1.28	95.52
Kentucky	1,500,000,000	2.09	2,138,000,000	2.98	487,000,000	0.68	153.83
Louisiana	1,474,000,000	3.83	1,919,000,000	4.99	663,000,000	1.72	197.86
Maine	602,000,000	6.37	494,000,000	5.23	216,000,000	2.29	208.67
Maryland	1,964,000,000	7.29	1,783,000,000	6.62	476,000,000	1.77	114.33
Massachusetts	3,543,000,000	12.63	1,923,000,000	6.86	1,046,000,000	3.73	211.21
Michigan	3,401,000,000	4.93	3,802,000,000	5.51	1,128,000,000	1.63	148.83
Minnesota	2,063,000,000	5.59	1,205,000,000	3.26	465,000,000	1.26	120.45
Mississippi	719,000,000	2.82	1,413,000,000	5.55	264,000,000	1.04	122.60
Missouri	2,137,000,000	3.57	2,417,000,000	4.04	532,000,000	0.89	121.74

**Table 4. Smoking-Attributable Costs (2004)**

State	Smoking-Attributable Costs (2004)						
	Medical Costs (Total)	Medical Costs Per Pack	Productivity Costs (Total)	Productivity Costs Per Pack	Direct Medicaid Costs (Total)	Medicaid Costs Per Pack	Medicaid Costs Per Capita (Adult)
Montana	277,000,000	4.44	295,000,000	4.73	67,000,000	1.07	93.21
Nebraska	537,000,000	5.00	499,000,000	4.64	134,000,000	1.25	102.08
Nevada	565,000,000	3.61	832,000,000	5.31	123,000,000	0.79	71.05
New Hampshire	564,000,000	2.95	405,000,000	2.12	115,000,000	0.60	115.64
New Jersey	3,178,000,000	8.56	2,624,000,000	7.07	967,000,000	2.60	147.80
New Mexico	461,000,000	6.95	467,000,000	7.04	184,000,000	2.78	130.40
New York	8,171,000,000	12.62	6,018,000,000	9.29	5,471,000,000	8.45	373.33
North Carolina	2,463,000,000	3.06	3,307,000,000	4.11	769,000,000	0.96	119.73
North Dakota	247,000,000	5.92	190,000,000	4.56	47,000,000	1.13	94.87
Ohio	4,375,000,000	4.45	4,658,000,000	4.74	1,426,000,000	1.45	164.29
Oklahoma	1,162,000,000	3.26	1,556,000,000	4.36	218,000,000	0.61	81.84
Oregon	1,116,000,000	5.68	1,077,000,000	5.48	287,000,000	1.46	104.66
Pennsylvania	5,193,000,000	6.09	4,637,000,000	5.44	1,710,000,000	2.01	178.70
Rhode Island	506,000,000	7.70	364,000,000	5.54	179,000,000	2.72	213.91
South Carolina	1,095,000,000	2.86	1,835,000,000	4.80	393,000,000	1.03	123.84
South Dakota	274,000,000	5.17	228,000,000	4.30	58,000,000	1.09	100.00
Tennessee	2,166,000,000	3.84	2,740,000,000	4.86	680,000,000	1.21	150.79
Texas	5,831,000,000	4.72	6,445,000,000	5.22	1,620,000,000	1.31	99.86
Utah	345,000,000	4.30	273,000,000	3.40	104,000,000	1.30	63.07
Vermont	233,000,000	5.44	197,000,000	4.60	72,000,000	1.68	148.00
Virginia	2,087,000,000	2.90	2,427,000,000	3.37	401,000,000	0.56	70.91
Washington	1,957,000,000	8.47	1,743,000,000	7.54	651,000,000	2.82	137.99
West Virginia	690,000,000	3.66	993,000,000	5.27	229,000,000	1.22	160.06
Wisconsin	2,024,000,000	5.26	1,642,000,000	4.27	480,000,000	1.25	114.26
Wyoming	136,000,000	5.71	155,000,000	6.51	37,000,000	1.55	94.97
<b>Average</b>	<b>1,898,000,000</b>	<b>5.31</b>	<b>1,915,000,000</b>	<b>5.16</b>	<b>607,000,000</b>	<b>1.63</b>	<b>129.90</b>



**City and Borough of Sitka  
Cigarette and Tobacco Products  
2013 TAX RETURN**

Send completed return to:  
City and Borough of Sitka  
Finance Department  
Excise Tax  
100 Lincoln Street  
Sitka, Alaska 99835

**SEE INSTRUCTIONS ON REVERSE SIDE**

This return must be filed and the tax paid on or before the last day of the month following the month during which the cigarettes and other tobacco products were manufactured, imported or acquired.

NAME AND ADDRESS AS IT APPEARS ON THE CIGARETTE AND TOBACCO PRODUCTS LICENSE:		RETURN FOR THE MONTH AND YEAR OF:
		CONTACT NAME:
CBS BUSINESS REGISTRATION NO.:	CTP LICENSEE NO.:	PHONE NUMBER:

1. Totals for Cigarettes:

- a. Number of cigarettes manufactured or imported during the month
- b. Less deductions for sales to Exemption Cardholders (See Instructions)
- c. Less other deductions (See Instructions)

1a	
1b	
1c	
2	
3	

- 2. Total number of taxable cigarettes (line 1 a less lines 1b and 1c)
- 3. Tax @ 59.4 mills per cigarette (Multiply line 2 by .0594)
- 4. Totals for all other tobacco products:

- a. Wholesale price of tobacco products manufactured or import during the month
- b. Less deductions for sales to Exemption Cardholders (See Instructions)
- c. Less other deductions (See Instructions)

4a	
4b	
4c	
5	
6	
7	
8	
9	
10	
11	
12	

- 5. Total wholesale price of taxable tobacco products (line 4a less lines 4b and 4c)
- 6. Tax @ 45% (Multiply line 5 by .45)
- 7. Total cigarette and tobacco products tax (Add lines 3 and 6)
- 8. Prior month adjustment (Attach explanation)
- 9. Total cigarette and tobacco tax due (Total of lines 7 and 8)
- 10. Penalty - Failure to File Timely (6% or 15% of line 9. See Instruction)
- 11. Penalty - Failure to Pay Timely (6% or 15% of line 9. See Instructions)
- 12. Interest – Pursuant to Code Section 4.26.160, interest at the rate of 12% per annum shall accrue on the unremitted balance of taxes due from the operator. To calculate interest due, multiply the amount on Line 9 by .00033 for each day the tax is delinquent.
- 13. Total AMOUNT DUE RETURN (Add lines 9 through 12)

13	
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Please make checks payable to the CITY AND BOROUGH OF SITKA for the amount on line 13.

**OTHER INFORMATION REQUIRED BY THE CITY AND BOROUGH OF SITKA:**

	NUMBER OF CIGARETTES ACQUIRED WITHIN THE CITY AND BOROUGH OF SITKA WITH TAX INCLUDED
\$	WHOLESALE PRICE OF OTHER TOBACCO PRODUCTS ACQUIRED WITHIN THE CITY AND BOROUGH OF SITKA WITH TAX INCLUDED

*I certify under penalty of perjury that this return has been examined by me and to the best of my knowledge and belief is a true, correct and complete return of all cigarettes and other tobacco products manufactured, imported or acquired in the City and Borough of Sitka during the month specified above.*

SIGNATURE OF TAXPAYER OR OFFICER OF CORPORATION:	TITLE (PLEASE PRINT):	DATE:
NAME, ADDRESS AND SIGNATURE OF AGENT OR PREPARER		DATE:

Note: This return must be filed by each licensee even if no cigarettes or other tobacco products were manufactured, imported or acquired during the month covered.

## GENERAL INSTRUCTIONS

- A. A separate monthly return must be filed by a licensee even though no cigarettes or other tobacco products were manufactured, imported or acquired during the month covered.
- B. The return must state the number of cigarettes and wholesale price of other tobacco products manufactured, imported or acquired during the month.
- C. Documents and records substantiating this tax return must be kept for a minimum of three(3) years and are subject to inspection by the City and Borough of Sitka upon demand.
- D. Deductions for sales under Exemption Cards must be separately listed on a Supporting Schedule and each must be substantiated by an attached copy of sales invoice or other record satisfactory to the City and Borough of Sitka. A valid exemption card number must be listed for a deduction claimed for each sale.
- E. Other deductions:
  - 1. Deductions will be allowed for sales to U.S. military instrumentalities, such as post exchanges, where retail sales are made to and for the sole use of authorized personnel according to current military regulations. Deductions for military sales must be substantiated by an attached copy of a sales invoice or other record satisfactory to the City and Borough of Sitka. No deductions will be allowed where retail sales are made through vending machines.
  - 2. Deductions may be claimed for the return of unsalable cigarettes and other tobacco products to a manufacturer. Each deduction claimed must be substantiated by certification from the manufacturer attached to the schedule.
  - 3. Deductions may be claimed for cigarettes or other tobacco products which have been destroyed. Each deduction claimed must be substantiated by a copy of the U.I.S. Treasury form ATF-3069 attached to the schedule.
- F. Penalties:
  - 1. **Penalty – Failure to File Timely**  
Pursuant to SGC 4.26.130, a penalty of 6% of the taxes due shall be incurred automatically when a licensee fails to file a return within seven calendar days following the due date. If a licensee failed to file a tax return within sixteen calendar days following the due date, the penalty shall be increased automatically to 15%.
  - 2. **Penalty – Failure to Pay Timely**  
Pursuant to SGC 4.26.130 a penalty of 6% of the taxes due shall be incurred automatically when a licensee fails to pay the full amount of the tax due within seven calendar days following the due date. If a licensee fails to pay the full amount of the tax due within sixteen calendar days following the due date, the penalty shall be increased automatically to 15%.

### Definitions (4.26.190)

“Cardholder” or “Exemption Cardholder” means a person in whose name a valid and current Exemption Card has been issued by the City and Borough of Sitka.

“Cigarette” means a roll for smoking of any size or shape, made wholly or in part of tobacco, whether the tobacco is flavored, adulterated, or mixed with another ingredient.

“Exemption Card” means a City and Borough of Sitka Cigarette and Tobacco Products Exemption Card issued under SGC 4.26.060.

“Other Tobacco Products” means a cigar; a cheroot; a stogie; a perique; snuff and snuff flour, smoking tobacco, including granulated, plug-cut, crimp cut, ready-rubbed, and any form of tobacco suitable for smoking in a pipe or cigarette; chewing tobacco, including cavendish, twist, plug, scrap and tobacco suitable for chewing; or an article or product made of tobacco or a tobacco substitute, but not including a cigarette as defined in SGC 4.26.190 or a tobacco substitute prescribed by a licensed physician.

“Wholesale Price” means the established price for which a manufacturer sells a tobacco product to a distributor or other person, after deduction of a discount or other reduction received by a distributor for quantity or cash.

If you have any questions regarding these filing requirements, please contact:

City and Borough of Sitka  
Finance Dept./Sales Tax Div./Excise Tax  
100 Lincoln Street  
Sitka, AK 99835  
(907)747-1840/1853